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GUILD SOCIALISM: A TWO YEARS' TEST

The time has come when the recent guild projects and performances in England may be viewed with some perspective. Within a few years a term belonging to the town economy of the middle ages has come into current use to indicate a projected industrial order. The movement for national guilds has produced an extensive literature, won the serious consideration of the trade unions and the Labor party, caught the attention of the daily press, and gained recognition from the government itself.

The persuasive volumes of the guild writers have followed one another from the press in quick succession, but they give little account of actual accomplishments. At the very moment when the first building guilds were taking shape in England, the theoretical guildsmen were distracted by discussions of the proper guild interpretation of events in Russia. The trade unionist converts were captured by the vision of a new day and many of them preferred to look far ahead to its dawning rather than to discuss precise administrative arrangements.

Nevertheless a new coöperative effort in production has been on trial for the last two years. Its impetus came in part from outside the circle of guild writers. New currents have long been stirring in the trade union world. From the vantage point of a freshly entrenched position labor put forth new claims at the close of the war. Instead of aiming merely for the right of collective bargaining, the leaders boldly declared that there was no successful course for labor which did not include *a share in the management of industry*. The majority of the labor leaders in England and America went no further. In both countries temperament, disposition, and the tradition of political democracy opposed violent and revolutionary methods. The programs of the miners, the railway men, and the postal and telegraph clerks in England indicated the change.

The guildsmen proposed an even wider departure from the established order and advocated placing upon the workers the entire responsibility for production. They looked forward to establishing national organizations of workers which would include technical and administrative experts. These associations, or guilds, were to be distinguished from

trade unions by the fact that their chief concern was not the safeguarding of the standard of life of their members, but the entire control and management of industry.

Practical experimentation was begun in England in January, 1920, with the organization of a building guild in Manchester. The movement spread rapidly within the industry, and at the close of 1921 more than 100 building guild committees were at work, guild dwelling houses had been completed and opened, and affiliated industries were adopting the guild type of organization. Furniture guilds followed the building guilds in Manchester and London; packing-case, vehicle and tailoring guilds appeared; agricultural and horticultural guilds were organized; and initial steps were taken in the engineering trades and in the postal service.

The experience of the two years has given to much of the prolonged earlier discussions merely an academic interest. The projects have been on a relatively small scale and have been carried on, not "in conjunction with the state," as the early writers anticipated, but with unique government relationships. The experience should react upon guild theory and clarify it. Whether guilds prove to be successes or failures, the guild policies as they were first phrased by the theoretical guildsmen should be recast.

The first part of the present paper deals with the development of guild theory through its literature and its propaganda organization, the National Guilds League. The second part contains a summary of the work of the building guilds, which have now¹ completed the first two years of their history.

The Development of Guild Theory from 1906 through 1921

The English guild movement is an exception to the rule that an economic experiment is usually well under way before a mass of theoretical literature develops. Eight years of discussion of the nature and function of the guild state preceded the organization of the first active guild.² Volume after volume by self-styled "guildsmen" found a ready market. The voracity of the reading public for this form of literature is not difficult to explain, in spite of the fact that much of the material shows signs of hurried work and that the later volumes contain little which is new. The offer of a Utopia, upon this planet or any other, exercises a fascination which few can resist.

¹January, 1922. The other guilds noted have been organized for only a few months.

²Niles H. Carpenter, "The Literature of Guild Socialism," *Quarterly Journal of Economics*, August, 1920; Helen Reynard, "The Guild Socialists," *Economic Journal*, September, 1920.

The rise of guild theory in England is commonly dated from 1912, when S. G. Hobson contributed to the *New Age*, edited by A. R. Orage, a series of articles which have since appeared in the volume *National Guilds*.³ Mr. G. D. H. Cole attributes the earliest manifestation of the guild idea to Mr. Arthur J. Penty,⁴ who published a work on *The Restoration of the Gild System* in 1906, in which modern commercialism was criticized as inferior to the earlier guild methods of production. In the following year Mr. A. R. Orage, in an article in the *Contemporary Review*,⁵ made the suggestion that guild organization was indispensable for the future of industry. Mr. Orage was at that time an active member of the Fabian Society,⁶ which was advocating the form of organization which Mr. Penty derisively calls "state commercialism," and he seems not to have pushed the guild idea further until he undertook the publication of Mr. Hobson's articles in 1912.

Penty's volume on *The Restoration of the Gild System* is an exposition of the defects of the present industrial system and the contrasting beauties of craftsmanship. Penty, an architect by profession, was influenced by the workmanship of the middle ages as seen in architecture, and impressed by the conspicuous aesthetic failures of later periods. The first chapter of the book was devoted to a fiery attack on the whole modern economic structure. The division of labor was described as a "pernicious system" and universal trade as "harmful." The use of machinery involved a loss to society. "There are few things which machinery can do as well as hand labour, and so far as my personal knowledge extends, there is nothing it can do better."⁷ "In production. . . . the only net use of machinery to the community is that in certain heavy work it saves labour, which, considered from the point of view of the physique of the race, is of very questionable advantage; or that it reduces the cost of production. This again, however, is a doubtful advantage, since the increase of material possessions beyond a certain point is extremely undesirable."⁸

Penty showed scant patience with the "collectivism" of the Fabians, which he classed as merely *state* commercialism. It was necessary to go back to the middle ages, he thought, to find the superior system.

³*National Guilds: An Enquiry into the Wage System and the Way Out*, edited by A. R. Orage. (London, G. Bell and Sons, 1914.) The volume in its most recent edition (1919) bears Mr. Hobson's name.

⁴Cole, *Chaos and Order in Industry*, p. 49.

⁵*Contemporary Review*, vol. XLI, no. 498 (June, 1907).

⁶A description of Mr. Orage's position at this time is given in Mr. Niles Carpenter's article, "The Literature of Guild Socialism," in the *Quarterly Journal of Economics*, vol. XXXIV, no. 4 (August, 1920), pp. 763-776.

⁷Penty, *op. cit.*, p. 19.

⁸*Ibid.*, p. 20.

Penty evidently considered himself a follower of Ruskin and Morris, and believed that he was simply carrying their ideas to a logical conclusion. Much of the evidence of the "marvelous and universal beauty" of the life of the middle ages must be taken on faith by the reader, for the historically-minded student finds the summary of the rules of the cloth weavers of Flanders (taken at second-hand by Penty) a slender basis upon which to reconstruct a civilization.

During the next six years little guild literature appeared. Penty's reading public was apparently unconvinced, or at least inactive. "Collectivism" and "social reform" had their day in England, almost undisputed. In other parts of the world new and more aggressive doctrines were penetrating the ranks of labor. England itself underwent a series of epoch-making strikes. By 1912 fertile ground was ready for the seeds of the new movement. Mr. G. D. H. Cole, then fellow at Oxford and leader of the Oxford group of Fabians, accepted the main tenets of the articles appearing in the *New Age* although he did not definitely call himself a guildsman until 1914.⁹ *The World of Labour*, published by Mr. Cole in 1913, contains studies of the labor movement in the principal industrial countries, and suggests that a kind of guild organization must be the solution of the problems discussed. Ultimately the unions are to have control of the industrial world. The state, the great organization of *consumers*, will in the end delegate this control to the union (the *producers*).

In 1914 Mr. Hobson's articles first appeared in collected form.¹⁰ The volume, *National Guilds*, contains a vigorous indictment of the wage system and of the British socialist movement, "an amazing compound of enthusiasm, and intellectual cowardice," which has committed itself to that system. The wage system is expected to go down with more or less of a crash, and the guild system to install itself almost automatically in its place. The guild is then to supplant the capitalist class, to assume the state's responsibility for its members, to direct industry, and to hold machinery and products in trust.

Mr. Cole meanwhile was making an unsuccessful attempt to instil guild ideas into the Fabian Society. Failing in this, he withdrew from the society and in 1915 organized the National Guilds League. In the same year he published *Labour in War Time*, which marked little advance from his earlier theoretical writing. In 1917, in *Self-Government in Industry*, Mr. Cole's detailed theory of guild socialism appeared. The true function of the state in a democratic community, according to Mr. Cole, is that of an association of "users" or "con-

⁹Cole, *Chaos and Order in Industry*, p. 52.

¹⁰*National Guilds*, edited by A. R. Orage (1914).

sumers."¹¹ Trade unions, on the other hand, represent associations of producers; they are co-sovereign with the state, and hence cannot be regarded as deriving their right to exist from the state.¹²

Men produce in common, and all sorts of association from the medieval guild to the modern trust and the modern trade union, spring from their need to coöperate in production: they use and enjoy in common, and out of their need for common action and protection in their use and enjoyment spring the long series of States, the various phases of coöperation, the increasing developments of local government.

Guild socialists postulate a double organization—the National Industrial Guild on the part of the producers, and the Municipal Council on the side of the consumers, with Parliament as the supreme territorial consumers' association. Neither Parliament nor the Guild Congress can ultimately claim to be sovereign. Where a single guild has a quarrel with Parliament, the final decision ought to rest with a body representative of all the organized consumers and all the organized producers.

The guild, according to Mr. Cole, is to grow out of the trade union, but improvements in organization must be brought about. The structure of trade unionism must become industrial, with the workshop as the unit. The reorganized trade union, that is, the guild, must assure to the worker the following things:¹³

1. Recognition and payment as a human being, and not merely as the mortal tenement of so much labour power for which an efficient demand exists.
2. Consequently, payment in employment and in unemployment, in sickness and in health alike.
3. Control of the organization of production in coöperation with his fellows.
4. A claim upon the product of his work, also exercised in coöperation with his fellows.

In demolishing the wage system, labor must obtain control first, of the *process of production*, and second, of the *product itself*. Capitalism must be made "socially functionless"; that is, labor must take over or destroy its functions of (1) investment, (2) buying, and (3) selling.

By 1917 Mr. Penty was ready with a fresh presentation of his "medievalist" guild theory. *Old Worlds for New*, published in that year, is in large part a restatement of his earlier position. In some ways, however, his original indignation against the modern commercial system has been modified, particularly with regard to the use of machinery. "We can isolate a small machine, because we can turn it off or on at will, as is the case with the sewing machine. *Such a*

¹¹Cole, *Self-Government in Industry*, pp. 80, 81.

¹²*Ibid.*, p. 81.

¹³*Ibid.*, p. 155.

machine can be used to reduce the amount of drudgery that is done,"¹⁴ and enable us to pursue more interesting work. But when machinery is used on large scale it is different."¹⁵ But "every time a machine is invented to do useful and necessary work which hitherto was done by hand, it transfers a certain number of men from useful to useless occupations!"¹⁶ "The final test as to whether a man is a Collectivist or a Guildsman is to be found in his partiality for the Leisure or the Work State."¹⁷

The doctrines of the different schools of guildsmen were by this time becoming more clearly defined. Mr. Cole's later volumes, which succeeded one another with impressive rapidity,¹⁸ contain little of Penty's glorification of the medieval guilds, but they support his antipathies to the collectivists.

Cole looks toward the future and away from the past, but he looks through a haze of political philosophy which dims the outlines of things as they are and at times entirely obscures them from view. Of *Chaos and Order in Industry* he says, "This book is not an account of National Guilds, but an attempt to apply Guild socialist principles to the present economic situation,"¹⁹ but it proves to be almost wholly a discussion of *control* in various industries, with little analysis of the essential nature of that which is to be controlled. For example, the character of the workers (whether skilled or unskilled) in the various engineering and shipbuilding industries is regarded as determining the relative degree of ease with which guild organization may be effected, but the sources of raw materials, the purchase and use of machinery, and the disposition of the products of these industries, as compared with similar questions arising in other industries which may be brought under the guild form of organization, go unnoted! Even as Mr. Cole wrote these chapters, the building guilds of England, in the throes of their first experiment, were wrestling with the actual economic questions of production, with the theoretical aspects of organization ignored and forgotten.

Mr. Cole's failure to express the complexities of the economic life of today is one of the most conspicuous characteristics of his writing. Paradoxically, he seems more familiar with historical and economic

¹⁴Italics the writer's.

¹⁵Penty, *Old Worlds for New*, pp. 83, 84.

¹⁶*Ibid.*, p. 91.

¹⁷*Ibid.*, p. 175.

¹⁸*Trade Unionism on the Railways* (1917); *An Introduction to Trade Unionism* (1918); *The Payment of Wages* (1918); *Labor in the Commonwealth* (1919); *Social Theory* (1920); *Chaos and Order in Industry* (1920); *Guild Socialism Restated* (1920).

¹⁹Cole, *Chaos and Order in Industry*, p. 60.

literature than Mr. Penty or Mr. Hobson, but the material at his command is unutilized. He is by temperament a political and philosophical writer. The tides of domestic and foreign trade and exchange, the complications of modern manufacturing processes, the forces underlying consumption never touch him. In fact, it is production that is a matter of "economics," while consumption is a matter of "politics"! The state, as the supreme organization of consumers, and the guild, as the supreme organization of producers, must divide the powers vertically, not horizontally. That is, the old separation of legislation and administration must go. "A balance of power is essential if individual freedom is preserved; but no balance is possible unless it follows the natural division of powers in the Society of today. Politics and economics afford the only possible line of division, and between them the power of legislation and administration can only be divided on the basis of function."²⁰

In a lecture delivered to members of the Fabian Society and others late in 1919,²¹ Mr. Cole dwelt on credit and taxation under guild production. At the same time that the guilds provide for a way of dividing national income with approximate economic equality and fairness, they must provide for the making and accumulation of fresh capital, so that the national production from year to year will be divided into two parts, one of which is directed towards satisfying the immediate needs of the population, and the other of which goes toward replenishing the capital fund and making future production possible. Mr. Cole stated that under the guilds "saving becomes a business for the community as a whole, and not for the separate individuals in the community." In such a system it becomes the business of those who budget for the community to decide on the distribution of a certain sum to the members of the community and to reserve the remainder for future productive development.

These generalizations as to the function of saving in the community and the means by which it is to be accomplished contain a superficial resemblance to credit proposals which were shortly to attract attention from guildsmen and others; as a matter of fact, Mr. Cole proved to be out of sympathy with a credit system which was not co-extensive with the guild itself, and the resemblance is only apparent.

In the same lecture Mr. Cole suggested the methods of taxation under the guilds. The guild system was to provide the easiest possible basis for taxation, for it would facilitate taxation at the source for the various industries or guilds. Incidentally, the method would provide a useful way of remedying any inequality which might remain

²⁰Cole, *Self-Government in Industry*, p. 99.

²¹Cole, *Guild Socialism*, Fabian Tract no. 192, March, 1920, p. 15.

between the various guilds after the community had fixed the prices of their respective products.

In 1920 Mr. Hobson, the chief exponent of a now more clearly defined branch of guild theory, restated his position in *National Guilds and the State*. Mr. Hobson's theoretical differences with Mr. Cole and his followers are less striking than Mr. Cole's separation from the historical school as represented by Mr. Penty. Mr. Hobson's chief argument with Mr. Cole concerns the nature of the state. While Mr. Cole would have the state, as the organization of consumers, paralleled by the guild, as the organization of producers, with a joint council to coördinate the two, Mr. Hobson sees the state as supreme, but having the industrial guilds as the most important group of organizations to which power is delegated. The other powers delegated by the state, those of administration or government, of the judiciary, and of the army and navy, are of minor importance. "I want National Guilds to be absolutely masters in their own house and within their defined function—a function upon which they would naturally agree with the State, from which they obtain their charter. In plain terms, the producers shall be masters of production—a principle essential to good craftsmanship."²²

The second and larger part of the volume contains a survey of the factors of transition from the capitalist to the guild state. Like Mr. Cole, Mr. Hobson believes the workshop to be the unit of labor organization of the future. Even as he wrote, Mr. Hobson believed that he saw "a strong blast of new ideas" sweep through the workshop, driving the half-awakened workers from the partial control already obtained to complete exclusive control of production. In the end a transfer of capital must be arranged by the state. Apparently "legal compensation" of the original possessors of property would be considered out of the question, but the "principle of consideration" would be applied to those who would otherwise suffer through dispossession. In the process the whole conception of capital value would vanish and the "real value" of the time and effort involved in the creation of a substitute for the property under consideration would become the measure of its worth, according to the author.²³

Meanwhile the historical or medievalist school of guildsmen, for a considerable time represented in guild literature by Penty alone, was developing another exponent, Mr. G. R. Stirling Taylor. *The Guild State*, published in 1919, rivals Penty's *Restoration of the Guild System* in its reverential allusions to the middle ages. The author continually pleads for "facing the facts" of the older society. "Whether

²²Hobson, *National Guilds and the State*, p. 126.

²³*Ibid.*, p. 288.

we like its beauty and sanity or not, the Medieval Age in its main features had a symmetry of order which very clearly distinguishes it from the social order, or disorder, that governs us today."²⁴ It is particularly important to remember, according to Mr. Taylor, that government in the middle ages was purely local. "The people who talk in terms of great National Guilds have missed the whole essence of the creed."²⁵ A very slight state structure may suffice, in his opinion, to support the guild organs, although the possibility that the structure may be a substantial one is not denied.

In Mr. Taylor's opinion the transition to the guild state is to be a peaceful one. "Only the illiterate still believe in the Revolution as a mode of social advance."²⁶ The guilds will compete with one another, but competition will be "sane." Power and wealth will be democratically distributed, but *equality* of reward will not necessarily be a part of the system.

Mr. Taylor's irritation with the present society as compared with the middle ages is perhaps best expressed in the concluding chapter:²⁷ "We are offered unmitigated nonsense for something that at least had romance and beauty and an unaffected common-sense. . . . When men say that they are talking sense when they are flying in the face of all the facts, then it is time to show a little dignity."

A new prophet of economic reform appeared in 1919 to bring confusion into guild doctrines. *Economic Democracy* (1919) and *Credit Power and Democracy* (1920), the work of Major C. H. Douglas, an English engineer who had been engaged on aircraft construction during the war, contain proposals for the vesting of credit control in the community rather than in the hands of the financiers. Major Douglas holds that such a transfer of industrial control as the guildsmen advocate would not bring about real democracy in industry; for present control is not actually exercised by the entrepreneurs, but by the financiers who advance the funds for the carrying on of industry. It is in this field that effective reform must come. Two types of cost enter into the production of every article: payments to individuals as wages, salaries, and dividends—payments which go out to the community as purchasing power—and payments for intermediate instruments (raw materials, bank charges, and similar expenses)—payments which go to the financiers. The purchasing power of the community is therefore less than the amount necessary to purchase the product. Having described the situation in this way, Major Douglas suggests the

²⁴Taylor, *The Guild State*, p. 21.

²⁵*Ibid.*, p. 85.

²⁶*Ibid.*, p. 96.

²⁷*Ibid.*, p. 152.

remedy: the community, which is the source of credit, should control it. The difference between the "just price" of a commodity (the exact equivalent of the purchasing power distributed in the course of its production) and the "economic price" should be made up to the manufacturers by the public, and commodities should be exchanged at exactly their "just prices." The establishment of labor banks in the various industries would give the real control of credit to the community. The basis of credit in these banks should be labor power. The weekly wages and salaries distributed in any industry should be paid into its labor bank, which should finance future capital expenditures jointly with the proprietors, in the ratio of wages and salaries to dividends.

These proposals for a change in the credit system, with the suggestion of labor banks like those proposed for the building guilds, attracted the serious attention of guildsmen from the time of their first appearance in a series of articles in the *New Age*. A committee consisting of A. E. Baker, A. J. Penty, M. B. Reckitt, W. G. Taylor, and Emily Townshend at once presented a preliminary summarizing report to the executive committee of the National Guilds League.²⁸ The majority of the guildsmen seemed to approach the subject under compulsion, with reluctance and distaste. In fact, the analysis of the present and potential financial structure of economic life had been airily ignored in the bulk of guild literature. One of the members of the committee, Mr. Reckitt, commented rather bitterly on the indifference of his fellow-guildsmen:²⁹

There seems to be a curious impression abroad, in Guild circles, that while it is essentially practical (as of course it is) to talk about the workshop, it is purely visionary and unreal to examine, or even call attention to, the existence of the Stock Exchange and the banks. Yet in my view it is unpractical to discuss workshop problems while remaining oblivious to, or at least silent upon, the whole financial apparatus of existing society. . . .

At the special conference of the National Guilds League in December, 1920, the report of the committee was presented and the credit proposals were again talked over. Mr. Penty characteristically opposed a prolonged discussion of the subject, thinking that "there was a danger in dwelling exclusively on subjects like Currency, which were a mere reflection of reality; people who reasoned too much on Credit went mad."³⁰ Mr. Hobson challenged Douglas' assumptions of antagonism between financiers and industrialists. Mr. Ewer attacked the credit scheme on the ground that it implied a continuance of rent, interest, and profits. Mr. Baker's defense of the Douglas credit

²⁸"Credit Enquiry," *The Guildsman*, no. 45 (September, 1920), pp. 8-10.

²⁹Letter to *The Guildsman*, no. 48 (December, 1920), p. 11.

³⁰*The Guildsman*, no. 49 (January, 1921), p. 5.

proposals was almost without effect, and the report favoring the credit scheme was rejected by a large majority.

In February, 1921, Mr. Cole presented a wholesale condemnation of Major Douglas' proposals.³¹ In a review of *Credit Power and Democracy* the scheme is pronounced "unworkable practically, unsound economically, and undesirable morally." The plan is held to be unworkable practically because it implies enlisting the services of the state in a program hostile to capitalism; unsound economically, because it confers upon the possessing class a vast mortgage upon the productive power of the workers; and undesirable morally, because it destroys the moral basis of the socialist case by recognizing the *right* to interest on the part of the present holders of capital. Finally, Mr. Cole spurns Major Douglas as a guildsman:

Indeed, the truth is out. Major Douglas is in no sense a Guildsman. He is simply a distributivist, and one who believes that control should rest with the consumer, exercising power through the expert, and not with the producers in a self-governing industrial democracy. "Economic democracy," in the Douglas sense, is the direct opposite of the industrial democracy of Guild Socialism.

Mr. Hobson, more receptive to discussions of the financial structure of society, possibly on account of the practical aspects of the Manchester building guild projects, calls the early articles in the *New Age* "an important adventure in theory" and implies that the credit proposals are the *only* important adventure of that kind which has been undertaken since 1912.³² On the whole Major Douglas is to be regarded as a near-ally of the Hobson-Orage school of guildsman, although the credit proposals represent a new branch of guild theory.

A work which is not easily classified as that of any one of the three schools of guildsmen is Reckitt and Bechhofer's *Meaning of National Guilds*, which appeared in 1918 and in revised form in 1920. The authors are clearly adherents of the "national guilds idea," however, rather than of the medievalist guild theory. In the midst of the theoretical and abstract discussion with which the guild movement has been surrounded, the book stands out, especially in the form of its second edition, as almost alone in its historical account of guild operations up to the date of writing and in its analysis of related industrial problems of the day. The nature of the state, that mainstay of guild doctrine, appears to interest the writers very little. The possibilities of control which exist in the present labor movement occupy the greater part of the discussion. The keynote of the

³¹Cole, (Review) "Credit Power," *The Guildsman*, no. 50 (February, 1921), pp. 9-10.

³²Hobson, *National Guilds and the State*, preface, p. xiii.

workers' struggle towards the guilds must be the maxim "encroaching control," according to the authors.³³ This encroaching control will atrophy the power of capitalism and expel its authority. "The capitalists will have their industrial functions stripped from them until they become no better than parasites upon industry—to be knocked off at last as easily, it may be, as a rotten apple from a bough."³⁴ The later edition of the volume gives a simple and clear analysis of the Douglas credit proposals, with a sympathetic viewpoint which foreshadows the later work of Mr. Reckitt on the committee of the National Guilds League.

In 1921 Mr. Penty returned to the attack upon industrialism in his short volume on *Guilds, Trade and Agriculture*. Always a consistent medievalist, he subordinates questions of control and government of guilds to the maintenance of an industrial system based on "just price." The frenzied search for wider markets should cease and attention should be turned to a great revival in agriculture. The Douglas credit scheme is called a "mere re-shuffling of the cards" in an emergency which demands a fundamental upheaval.

A reviewer and critic of guild literature at the present juncture is in danger of underestimating or overestimating its importance, at one and the same time. Mr. Penty and Mr. Cole are undeniably right in their claim that "collectivism" has failed to satisfy the longings and ambitions of the British workman of today. A body of theory which has a chance of winning their approval and guiding their efforts is not to be lightly dismissed. It may be that the guild idea can enter where collectivism has failed and win a new loyalty. On the other hand, guild literature is so surfeited with theory, theory based upon a knowledge of the sum total of economic society which is far from profound, that it is almost uniformly pale and shadowy—a sufferer from chronic malnutrition. In the words of a critic who would have been a sympathetic reader if his thorough scholarship had not found itself unsatisfied, "it has that fine contempt of ugly, little facts which Huxley explained to be vital to a general hypothesis." The reader finds in the end that the lack of "present-mindedness" is due not so much to ignorance as to a profound distaste for the type of thorough, painstaking, intellectual endeavor which happens to be represented in England by those arch-bogeys of guildsmen, the Webbs; and according to his temperament, he is the less or the more tolerant of the shortcomings of the literature on that account.

With all their obvious and pervasive inadequacies, the volumes of guild theory represent the ambitious and single-minded efforts of men

³³Reckitt and Bechhofer, *Meaning of National Guilds* (1920), p. 168.

³⁴*Ibid.*, p. 173.

who dream of a better and happier social order, and as such they deserve a permanent place in the history of social movements.

The Work of Propaganda and the National Guilds League

The guild writers were not slow to recognize the fact that if the doctrines of guild socialism were to be reflected in a reorganization of industrial society, a constituency to support them must be built up as rapidly as possible. They saw that it would be necessary to engage in active propaganda work for the purpose of making their program widely known and understood. The particular necessity was that of converting the rank and file of the labor movement, which was favorably disposed towards "collectivism" or "state socialism" at the time when the guild movement had its inception.

Mr. Orage and Mr. Hobson were in fact setting to work seriously upon this task when they collaborated in 1908 in the series of articles which appeared in the *New Age*. In the words of Mr. G. D. H. Cole, these articles "gave the National Guilds movement a definite shape, and made it for the first time a practical and constructive force."³⁵ Mr. Cole himself is actually responsible for much of the organized propaganda which eventually gained a wide hearing for the guilds. In 1914 he began a series of articles with Mr. W. Mellor, in the London *Daily Herald*, the aim of which was "to popularize Guild propaganda and bring it into the fullest possible relation with the everyday work of the trade union movement."³⁶ Mr. Cole realized that the appeal of the guild idea had remained almost purely intellectual, and that the bulk of the labor movement remained unaffected and even unaware of the program. Guild theories had sifted into the Fabian Society, but had found favor only with the younger members. The growing unrest in the industrial world had helped to make the time ripe for a further development.

In spite of the outbreak of the war in the summer of 1914 the leaders of the movement believed that the guild idea had won interest and possible support, and that a step in advance could be taken. At a small conference held in December, 1914, a long statement was drawn up in which the theory of national guilds and the description of the necessary stages in their realization were formulated. A second conference was held at Oxford early in 1915, and it was decided that a permanent organization should be formed for the dissemination of guild ideas. At Easter, 1915, a third and larger conference was held

³⁵Cole, *Chaos and Order in Industry*, p. 49.

³⁶*Ibid.*, p. 52.

in London, and an organization which was to become widely known as the National Guilds League was founded.³⁷

The constitution of the League states that its objects are "the abolition of the Wage System, and the establishment by the Workers of Self-Government in Industry through a democratic system of National Guilds working in conjunction with a democratic State." Its "methods" are "(a) Propaganda of Guild Socialism by Means of Lectures, Meetings, and Publications," and "(b) Enquiry into Subjects Connected with National Guilds." Membership was opened to all who accepted the rules of the League.

In pursuance of the objects which its founders set before themselves in 1915, the League has published a large number of pamphlets on various subjects connected with guilds and has reprinted others which bear upon guild matters. Since 1917 it has published a monthly organ, *The Guild Socialist* (formerly *The Guildsman*), of which Mr. G. D. H. Cole and Margaret Cole have been the editors since 1920. It has provided for series of lectures by a variety of speakers, not all of whom have been guildsmen. "Guild groups" have been set up in various parts of the country, to act as centers for the further dissemination of guild ideas.

Mr. Hobson, writing with a perspective on the work of the National Guilds League obtained through his connection with the practical operations of the Manchester Building Guild, prophesied that the growth of the guild movement would be in a manner independent of the development of the theoretical bases of guild socialism through such agencies as the League.³⁸ "National Guilds can never be realized save by economic action and by industrial associations. Primarily, it is the Trade Unions who must constitute the driving force. The National Guilds League, therefore, with the Guild writers, must content themselves with the development and dissemination of ideas. . . . Truth to tell, most of us, whose names are associated with National Guilds propaganda, are undeniably of middle-class origin."

Recognizing itself as the proper instrument for the formulation of new guild policies, the National Guilds League has been confronted with the necessity of defining its stand upon four questions, none of which loomed large at the time of the early development of guild theory: (1) By what administrative arrangements were agricultural operations to be carried on in the guild state? (2) What rôle belonged to professional associations? (3) What relation with the coöperative movement should the guilds assume? (4) What significance had the soviet system for the development of the guild state? Substantial

³⁷Cole, *Chaos and Order in Industry*, p. 52.

³⁸Hobson, *National Guilds and the State* (1920), preface, p. vi.

agreement was attained for the first two questions. The third proved controversial and the fourth was the rock upon which guild organization almost foundered.

The agricultural situation was brought before the annual conference of the National Guilds League in 1920 in the form of a resolution of the executive committee, which asked that it be instructed to prepare a pamphlet defining the League's principles. These principles were stated as public ownership of all land, direct management of all large farms by an agricultural guild, and the extension of the powers of coöperative organizations which were eventually to be fused with the agricultural guild. At that time the League lacked an agricultural constituency and the proceeding was wholly academic in character. In 1921 two agricultural guilds were organized. The New Town Agricultural Guild at Welwyn, in Hertfordshire, was created for the development of a rural zone around the garden city at Welwyn. The organization was on a small scale and up to the close of 1921 no opportunity had been given for the application of the larger principles of the National Guilds League. The second agricultural guild is known as the Lea Valley Co-operative Nursery. It is run on self-government principles by the workers themselves, and distributes no profits.

The question of guild organization among professional groups was disposed of at the 1920 conference by the passage of the following resolution with only one dissenting vote:

That this conference regards the organization of technical, professional, supervisory, and administrative workers on Trade Union lines as being an essential and urgent step on the road to Guild Socialism and regrets the attitude of mutual suspicion which retards the recognition of the common economic interests of all workers.

That, while this conference welcomes the recent developments in the organization of professional workers, it is convinced that a complete fusion into a single organization of workers of all grades is necessary for the revolutionary object of establishing Guild Socialism.

The plans of the building guilds were already showing up the direct importance of the participation of technicians and other professionals in their schemes. It will be seen later that the sympathetic attitude of the architects was a factor of real value in their inauguration.

The following resolution, framed by the executive committee, brought the subject of coöperation before the Conference:

This Conference, holding that a closer alliance between Coöperation and Trade Unionism is urgently required, and can be secured only on the basis of a realised community of policy and ideals, decides to work for such an alliance on the following lines:

- (a) An emphatic dissociation of the Coöperative Movement from capi-

talistic methods and an enlightened and democratic attitude on the part of Coöperators toward their employees.

(b) The recognition of the Coöperative Movement as capable of developing into a desirable form of Consumers' representation in a Guild Society in regard to those Industries and Services which are principally engaged in producing and distributing commodities intended for personal or domestic use.

(c) The recognition of the Coöperative Movement as the social representative of the consumers in relation to those industries and services, and as therefore destined to form an integral part of the structure of Guild Society.

(d) The recognition of Guild organization as no less applicable to the industries owned by the Coöperative Movement than to others.

(e) The advocacy of the fullest extension of industrial self-government to the workers in the Coöperative Movement, with a view to the control of the industries and services concerned by the workers in conjunction with the Coöperative Movement.

(f) The promotion of the fullest possible arrangements for mutual assistance by the two Movements in bringing about the overthrow of Capitalism and the establishment of a Guild Society.

The support of this resolution by the Conference fails to indicate the real diversity of aim between the coöperative movement and the national guilds. Possibly it was because the Co-operative Wholesale Society was just on the point of coming forward with the financial assistance which made possible the first operations of the building guilds that the existing differences did not stand out as sharply as usual in the minds of the members. A careful reading of the resolution however shows important reservations. The discussion did bring out a protest on behalf of the Manchester group "on the ground that the resolution dealt too leniently with the serious shortcomings of the Coöperative Movement as it now exists." The amendment embodying this objection was later withdrawn, however, "on the understanding that the points raised in the course of the discussion would receive full consideration in the preparation of a detailed scheme."

The fourth question upon which the National Guilds League found it necessary to define its position during the year 1920 was that of its attitude towards the bolshevik régime. Eventually the question made a sharp division in the ranks of guildsmen in the same way in which it brought about a split in organized labor. It became clear in the meeting of the League in May, 1920, that there was among guildsmen a distinct "left wing" with strong sympathy for soviet Russia. The members of this group prophesied early revolution at home, and welcomed the prospect of the upheaval on account of their belief that the coming of revolution would mean the advent of national guilds, even though "a considerable mess" in the way of a dictatorship of the proletariat, conscription of labor, and Taylorism were necessary as-

pects of the transition. The right wing, on the other hand, declared themselves to be "gradualists," insisting that the road to guilds lay through trade unions and professional associations. It would not be necessary to "overthrow capitalism" for capitalism was already tottering; but it was imperatively necessary to continue the educational propaganda of the guild movement and in this way to prepare for the guild state. They called the attention of the "lefts" to the newly established Communist party in England and maintained that their efforts belonged there rather than in the National Guilds League.

The cause of the prolonged discussion of the soviet system at this meeting was the presentation of three resolutions on "Soviets and Democracy." The first resolution, which was introduced by the executive committee and the London group, gave approval to the soviet system itself but contained reservations as to its applicability to Great Britain. It was passed by a close vote. The passage of this resolution was regarded as a hardwon victory for the "lefts" in the guild movement, but the votes on other matters showed that the newly evolving party lines among guildsmen had great flexibility.

The second resolution, introduced by the "rights" would have bound the conference of the League to reject the solution of the industrial struggle contained in the phrase "the dictatorship of the proletariat" on the ground that it is "not merely impracticable but essentially fatal to all the social values for which the League has always stood." The resolution was lost by a small majority, and the "lefts" were again in the ascendency.

The third resolution, known as the "democracy resolution" was introduced by the executive committee but passed in the form of an amendment framed by the Manchester group. The resolution as passed was an indictment of the parliamentary system but a qualified endorsement of political action for the purpose of hampering capitalism.

An even sharper conflict between right and left wings took place at a special conference held in London in December, 1920. After the committee appointed at the May conference had brought in its "Programme of Action," or "Soviet Report," and Mr. Cole had presented a "Policy Pamphlet," the six members of the right wing of the executive committee resigned. The conference showed its left-ward tendencies by an endorsement of the Programme of Action and by a refusal to endorse the Douglas credit scheme, which had come to be known as the "Orange-Douglas plan." In the annual conference held in March, 1921, the Policy Pamphlet was endorsed. The 1921 conference left the National Guilds League in a critical condition. Although a few of the right-wing members had been won back, several of the local guild

groups had been alienated, the membership had suffered, and the financial condition of the League had become so serious that it was necessary to put the organization on a voluntary basis.

At the close of 1921 the National Guilds League had failed to win back its former self-confidence. Writing in a recent issue of the *Labour Monthly*,³⁹ Mr. W. Mellor, a member of the League, states that "since 1917 Guild Socialism has been constantly and progressively waning in power." He attributes its difficulties to a policy of compromise.

The eyes of the National Guilds League are still fixed on what is going to happen the day after the revolution; how exactly it proposes to work for the revolution it has not made up its mind. It talks of soviets, but is careful to explain that soviets are probably not applicable to Great Britain. It has dropped its whole-hearted support of the state, but still clings to democratic institutions. . . . Guild Socialism, in so far as it has any standing at all, has answered the needs neither of the left nor of the center, though it has tried to placate both.

It would be a gross error to measure the success or failure of the guild movement in England by following solely the fortunes of the National Guilds League. The very existence of this League is unknown to some of the trade unions who have formed building guilds. Furthermore, the working guilds have no formal affiliation with the National Guilds League. Without minimizing the contributions which the League has made, it should be recognized that its membership is made up largely of the "intellectuals," not the wage-earners, and that its interest and influence have been felt only slightly outside the field of theory and propaganda.

The Housing Shortage and the Guilds' Opportunity

While guild theory was developing and while the National Guilds League was building up its affiliated groups, a guild movement of another kind was going on in the north of England. The contrast between the propaganda movement and the appeal made in a concrete form to the trade unionists in the north could hardly have been greater. The workingmen whose apathy and ignorance had discouraged the guildsmen who were in the midst of discussions of the nature of the guild state were easily enlisted when a working proposition was submitted.

A housing shortage, serious in Great Britain even before the war and alarming at its close, was the occasion of the rise of the new part of the guild movement. The hardships which had resulted from the

³⁹W. Mellor, "A Critique of Guild Socialism," *Labour Monthly*, November, 1921, pp. 397-404.

scarcity of houses were felt not only by the working people but by all classes, and housing was recognized as a national problem.

The government hastened to meet the situation with desperate remedies which brought no adequate relief. Since the business of house building had become so unprofitable that the master builders had ceased to undertake it and had gone over to other types of construction work, the government tried the expedient of offering subsidies in an effort to bring builders back into the field. The subsidies ran as high as £260 per house for the individual builder. In order to afford relief to tenants from the pressure of ever-rising rents, the government also undertook a policy of rent restriction, and in so doing partially nullified the inducement to builders. In July, 1919, a Housing, Town Planning act was passed, according to the terms of which the government offered to assist cities and towns in building houses by lending them money and by stipulating that it would make up losses incurred which were not covered by the rate of a penny in the pound in the local area. It was in connection with this last endeavor that the building guilds were formed and began operations. With two of three exceptions, all of the early guild contracts had to do with the plans of municipal councils for the construction of artisans' dwellings.

The inauguration of a guild system was full of difficulties. The problem was to find a foothold in an established industrial system and to compete with great modern units of production in highly organized centers. The program required both organizing ability and the skill of men who were trained in the work of actual building. With the important exception of Mr. S. G. Hobson, one of the first writers on guild theory, the development of the Manchester guild was almost wholly in the hands of men of the latter type. Mr. Hobson was the first secretary of the Manchester Building Guild, and was influential in securing the approval of the Ministry of Health for the form of contract by which the first houses were constructed. He gave the impetus which resulted in the formation of the first guild equipped for house building in the form of a suggestion made to the Operative Bricklayers Society in January, 1920, a proposal to break the housing deadlock through a guild which should hold the monopoly of building labor.

The plan of establishing a guild was referred to the Manchester Branch of the Federation of Building Trades Operatives. This body endorsed the proposal without a dissenting vote and referred it on to the District and Branch Management Committees, representing all the organized building workers of the Manchester district. This group of committees, in turn, approved the scheme at their meeting on January 20, 1920. It was then unanimously resolved:

That this meeting... heartily approves of the Building Guild Committee,

and hereby pledges its support, and agrees, to nominate and elect a direct representative of each trade union on the Building Guild Committee.

The trade unions claimed that their ability to supply the necessary labor element in the production of houses constituted as good a guarantee for the performance of the contract as a deposit of gold. They proposed to exploit the possibilities of group credit based on the power to produce, as a substitute for bank credit based on the purchasing power of money. The difference in their own position and that of the ordinary contractor was thus explained:

A builder on signing a contract may properly be asked to give security, because his financial stability is the essential thing. He must have financial resources, because he cannot control the supply of labor. On the other hand, whatever its financial arrangements, the Building Guild Committee has an ample supply of labor, perhaps even a monopoly of it. Therefore, they argued, the nature of the guarantee required from them is not primarily financial, but fundamentally a guarantee that the labor would be forthcoming and the house built. A builder may fail to build the houses, not because he is financially unsound, but because he cannot obtain the labor; the City Council may insist upon its pound of flesh, but the houses remain unbuilt. Finance, in short, plays a subsidiary part. But the Building Guild Committee can build the houses, which is the essential thing, and full guarantees on this head can be given.

As a matter of fact, however, the problem of guarantee was actually settled when the contracts were made, by the introduction of the Co-operative Wholesale Society as a third party to the contract with the functions of furnishing the materials and guaranteeing performance.

The Manchester Building Guild Committee was speedily set up. It at once began negotiations with the Council of the City of Manchester for the construction of workingmen's houses.

With the housing situation as it has been described, the Ministry of Health could not turn a deaf ear to a scheme which promised easy mobilization of the necessary labor. The building guild tenders were, however, subjected to a long series of negotiations lasting from January until July, 1920, before an understanding was reached. As the summer wore to a close, and the end of the best building weather drew nearer, the guild leaders lost patience and roundly expressed their belief that private building interests were successfully stalling their plans. The Ministry, on the contrary, expressed its own position in a press statement issued in June.⁴⁰ It was claimed that:

The attitude of the Ministry of Health toward the building guild principle has from the start been one of sympathy; but several difficulties presented themselves for solution before the Ministry could feel fully justified in approving it.

In a conversation with the writer, a representative of the Ministry said that the guilds were not ready with the necessary organization for

⁴⁰*London Times*, June 7, 1920.

house building, and that they were slow to convince the Ministry that they had the experience sufficient to insure a steady progression of the successive operations necessary to house building.

The situation was greatly changed through assistance given by the Co-operative Wholesale Society, and in July, 1920, the following memorandum of conversation was issued by the Ministry:—

It is agreed that the following arrangements would be satisfactory to the Guild and to the Ministry:—

1. The Guild will give an estimate of the cost of each type of house, which estimate must be agreed as reasonable between the parties and approved by the Ministry.

2. The Guild will be paid a lump sum of £40 per house in respect of remuneration for disposal by the Guild to provide for continuous pay to those employed on Guild contracts, or for other purposes of the Guild.

3. The Guild will be paid 6 per cent of the cost (subject to par. 5 below) to cover plant and all overhead charges, salaries of buyers, head-office expenses, and salaries of supervising staff not wholly employed on the site of the individual housing schemes.

4. Any surplus under pars. 2 or 3 to be devoted to improvement of the service.

5. The charge of 6 per cent to cover the purpose mentioned in par. 3 will be paid on increased cost due to increases in the rate of wages, but not on increases in the cost of materials.

6. (a) If the estimated cost is, say, £900 and the actual cost proves to be, say, £800, the actual cost will be paid by the local authority plus 6 per cent for overhead charges (subject to any modification due to par. 5) and £40 as above. (b) If the actual cost should prove to be say, £1000, that cost would be paid plus 6 per cent on the estimated net cost of £900 only (subject to any modifications due to par. 5) and £40 as above.

7. The Co-operative Wholesale Society may be associated in the contract for the purchase of materials. This position to be clearly defined to the satisfaction of all concerned.

8. The contract to include a "break clause," which shall not take effect for three months from the commencement, allowing the contract to be terminated if the costs exceed the estimate plus any increases in the rates of wages and standard costs of materials which may have taken place since the making of the estimate.

9. The Co-operative Wholesale Society will, on being satisfied with the contract, insure the local authority against loss under the contract for a payment of 2s. 6d. per £1000.

10. A satisfactory costing system shall be arranged.

It was not, however, until the beginning of September that the draft form of contract was finally adopted. Conforming to the July memorandum, this provided for the construction of houses by the guilds for the actual, net prime cost of materials and labor at standard rates plus £40 per house and 6 per cent of the estimated cost as given in the guild tender.

"The Building Guild, pamphlet published by the Co-operative Press Agency, Manchester (July, 1920).

The London group proceeded almost independently of the Manchester operations. On April 20, 1920, the London District Council of the National Federation of Building Trades Operatives unanimously voted to establish the London Guild of Builders. This organization came into being as a coöperative society registered under the Industrial and Provident Societies act. Unlike the Manchester guild, it did not aim to create a monopoly of labor. It declared itself ready to undertake private work as well as public contracts. As far as its form of business organization is concerned, it was merely an example of co-partnership or coöperative production in the building industry. Its personnel was precisely the same as that of the District Council of the Federation, but the guild was to do the work, whereas the function of the trade union organization remained merely the regulation of industrial conditions. In May the London District Council sent out a prospectus under the title, *An Industry Cleared for Action*. In this pamphlet the guild organization was outlined and an appeal for volunteer service was made.

The moving spirit in the London guild was Mr. Malcolm Sparkes, who stands in much the same relation to the movement in the south as Mr. Hobson to the Manchester guild. Both of Quaker stock, both indefatigable enthusiasts with capacity to communicate their enthusiasm, they developed building guilds from different points of view. "Up in Manchester," said Mr. Sparkes, when the London guild was getting under way, "they are still talking about the class struggle and the abolition of the wage system. In London we talk about democratic control of a public service. We have psychology on our side, but as yet no history." Mr. Sparkes staked everything on the spirit which makes men respond to an ideal. This faith is expressed in the motto of the London guild:

We are convinced that what we can see others can see, and nothing will persuade us that the world is not ready for an ideal for which we are ready.

Mr. Sparkes was behind the London guild from the time when it was first proposed, and when it was finally organized he became its general manager and secretary. A stream of literature came from his pen, under such titles as *The Call of the Guild of Builders*, and *An Industry Cleared for Action*, the pamphlet noted above. Thousands of building trades operatives bought copies and read such words as the following:

The great trade unions, no longer defensive and resistive, are awakening to a new conception of their functions; a new vision of creative service, which the building industry of Great Britain has now put into practical shape in the form of the new Guild of Builders. It is the first industrial organization in history that is set up to *give* service rather than to *get* it.

Mr. Hobson's tactics were contrastingly militant. Labor must be made a monopoly and become the *first*, not the *last*, charge on industry. Mr. Hobson brought to guild projects a seasoned cosmopolitan experience gained in two hemispheres. Nothing that he contributed to the guilds was worth more, however, than his own unshakable faith in the soundness of the venture. No less than Mr. Sparkes, he is at heart an idealist. The real ends of the two groups of guilds are much the same. A common idealism, a common faith that high standards of workmanship can become the property of the ordinary man, and a self-sacrificing devotion to the guild movement were contributed by the two leaders.

At the annual conference of the National Federation of Building Trades Operatives held in 1920, Mr. Hobson stated that there were already fifty committees affiliated to the guild, in addition to the London Guild of Builders. The following resolution was passed:⁴²

That this annual conference of the National Federation of Building Trades Operatives observe with interest the advent of the Building Guild, and regard it as a valuable experiment to improve the conditions and status of Building Trades Operatives, and as the position develops undertake to consider the possibilities of establishing the movement on national lines, and further suggest to the local guilds that in their constitutions they shall make provision for such contingency.

Although no contracts were secured for several months, the movement spread with great rapidity. Guild committees sprang up not only in Lancaster but also in other parts of England and Wales. Some of these found the attitude of the local authorities so discouraging that no practical program seemed possible, but the majority continued to present tenders for the construction of houses and some were successful in securing private work.

The financing of the building operations was made possible by the willingness of the Co-operative Wholesale Society to become a party to the plan. In the first schemes the local authorities were counted on to provide and deliver building materials, leaving to the guilds the mobilization of labor and the control of actual operations. In the early conferences, however, it developed that the local authorities could provide no guarantee that the building materials would be delivered promptly at the lowest prices. They had little experience in buying and no organization for purchasing to meet the requirements. Without such a guarantee it was realized that the whole plan would be imperiled.

It was at this juncture that the building department of the Co-operative Wholesale Society and the Co-operative Wholesale Bank came forward with the offer of special facilities in the providing of materials

⁴²*Minutes and Notes of the Annual Conference of the Federation of Building Trades Operatives*, at Scarborough, August 19-21, 1920.

and the extension of credit. The Co-operative Wholesale Society permitted the guilds to overdraw their accounts with the bank to about two per cent of the amount of the contracts. The guilds were thus enabled to acquire the necessary plant with which to begin operations. The advantages secured in this way were unique. With the single exception of the government, the building department of the Co-operative Wholesale Society is the largest dealer in building materials in the kingdom. It can guarantee deliveries impossible to the ordinary contractor.⁴³ Finally the Co-operative Insurance Society agreed to insure the performance of the contract with a liability limited to one fifth of the cost.

Through these relations with the Co-operative Wholesale Society and through the contribution of its vast business experience, there was given a practical guarantee to the experiment which transformed it from a dream into a serious business undertaking. Mr. Hobson describes the significance of the alliance in the following terms.⁴⁴

The arrangement thus reached with the C. W. S. marked an important and vital stage in the history of the Guild. Whatever theoretical differences there may be between Guild and Coöperative principles, it is certain that the Coöperative leaders saw in the Guild movement a practical emanation of working-class spirit comparable only to their own activities from the days of the Rochdale Pioneers. As an example of industrial statesmanship, this action of the C. W. S. stands out clear and massive compared with the characteristic niggling, doubts, and hesitations of capitalistic society. In this alliance, amongst other possibilities, we may discover the way to break the rings and combines that now so remorselessly hold to ransom the whole building industry.

Building Operations

A new chapter opened when the draft form of contract was finally approved by the Ministry of Health in September, 1920. The guilds were now ready to begin public work. On November 1, 1920, in answer to questions asked in the House of Commons, the Minister of Health stated that eight contracts between local authorities and building guilds, providing for 1,003 houses, had been approved. He added:⁴⁵

These contracts form part of certain experimental proposals, in which the guilds take the contract for the whole work, the number of which will be limited until the guild system has been shown to be satisfactory.

At the end of 1920 the contracts accepted and sanctioned by the Ministry of Health were as follows:

⁴³It nevertheless proved desirable in some cases to buy materials in the open market.

⁴⁴*The Building Guild*, The Co-operative Press Agency, Manchester (1920).

⁴⁵*Housing*, Nov. 22, 1920, p. 152.

Building Guild, Ltd., Manchester

Manchester	100 houses	Wigan	135 houses
Worsley	261 "	Rotherham	200 "
Bedwellty	100 "	Wilmslow	100 "
Tredeggar	100 "	Halifax	200 "

Guild of Builders (London), Ltd.

Walthamstow U. D. C.	400 houses
Greenwich Borough Council	190 "

The appearance of formidable opposition is often a reliable gauge of the growing strength of a new movement. With the opening of 1921 the building guilds could claim the distinction of being taken seriously. In the early weeks of their existence an official of the National Federation of Building Trade Employers prophesied that, given a long enough rope, the guilds would hang themselves; but before the first year was over the Federation's president, Mr. Stephen Easten, expressed his apprehension lest the guilds should "drive ordinary building contractors out of the field" if the policy of the Ministry of Health in dealing with them was not changed.

The first blow was the decision of the Ministry not to approve further contracts until the terms were changed. This was right-about-face on the part of the government, and the guilds felt it to be a deliberate move to deprive them of a chance to engage in house building. They made vigorous protests. The change of front was attributed directly to the influence of the master builders. The advent of the guild had brought a reduction in the tendered prices of houses and this roused the hostility of all other contractors. The secretary of the Manchester guild claimed that it was building houses from £150 to £200 cheaper than the master builders.

Mr. Easten had held the post of Honorary Director of Building Production under the Ministry, as well as the office of President of the Builders' Federation, and in resigning from the former post he voiced the opinion of his fellow members in the Federation that the terms of the guild contract were unfair. The guild contracts included a grant of £40 per house to cover the expenses of full-time payment ("continuous pay") to the workers engaged on the job. This £40 had been adopted as the Ministry's substitute for a percentage basis. In addition, six per cent was allowed the guilds for plant and administrative expenses. Mr. Easten's statements tended to obscure the fact that the employer's contracts contained the same provision of £40 per house but left undetermined the manner in which it should be spent. It constituted, of course, the employer's profit.

In reply to Mr. Easten the two forms of contracts were compared

by Mr. Sparkes in the columns of the *Morning Post* (January 10, 1921):

The guild receives 6 per cent on the estimated cost, and out of this it has to provide for the whole of its head-office expenses, including all salaries, and also for the necessary plant and maintenance properly to equip the job. There is no figure exactly parallel with this in the employer's contracts. Light plant is charged at £7 per house, heavy plant is charged at 2 per cent per month, establishment charges are $1\frac{1}{2}$ per cent, and all maintenance is charged up under the contract. From this you will see that it is really impossible to say which of the two forms of the contract is better from the point of view either of the builder or of the building owner. One serious misstatement must be corrected here. The guild fee of 6 per cent does not increase with any increase in cost. Under the employer's contract the contractor gets a share of any saving he effects. Under the guild contract the local authority gets the whole of the savings effected by the guild.

In the opinion of the guild leaders a compromise on the fundamental principle of continuous pay was a step which would be fatal. A guarantee of pay for bad weather, holidays, and a short vacation was one of the foundations of the guild program. Convinced that the Ministry of Health was influenced in its opposition by the building contractors who feared guild competition, the building guilds adopted a policy of no-compromise, and reconciled themselves as best they could to the loss of their opportunities for work on artisans' houses under community auspices. It soon became necessary to recast very thoroughly the plans for guild work. The entire policy of the Ministry of Health was so changed as to make altogether improbable the carrying out of the national housing program on anything like the extensive scale on which it had been projected. The guilds sought repair work and houses for private purchasers as a necessity.

Perhaps the withdrawal of the promising opportunity for public work expedited the closing of the guild ranks for a united drive forward. In July, 1921, the same month in which the government announced its abandonment of the housing subsidies, a National Building Guild was formed. A joint Reconstruction Committee met in Manchester and resolved: "that the Building Guild Limited and the Guild of Builders (London) Limited be herewith amalgamated." Under the new organization building work of every description was undertaken. Two forms of contract were offered to customers: according to the first, the customer pays actual cost plus a fixed fee for guild service and gets the benefit of any saving effected by guild organization; according to the second, the guild guarantees that the price will not exceed a stated maximum, but shares with the customer any saving made on a fifty-fifty basis, the guild's share of which goes to the guild contingency fund.

On December 15, 1921, a new monthly organ, *The Building Guilds-*

man, appeared. It is edited from Manchester for the National Building Guild and devoted to discussion of the policies and practical problems of the Guild. The first number announced the undertaking of a loan of £150,000 from guild members and sympathizers—money needed “not because we have failed but because we have succeeded.”

It seemed evident, however, that the success achieved was of a sobering kind. With it came a realization of the difficulties both within and without. In the first number of *The Building Guildsman* Mr. Hobson wrote:

We cannot stand alone; other industries must follow our example or our task may become impossible. A democratic experiment in industry surrounded by capitalism is a tremendous adventure. Two years ago the building operatives of Manchester determined to buy. The rest is history.

A part of that history is summed up in the announcement of contracts in excess of £2,000,000 in December, 1921, and receipts in cash for work done and material supplied amounting to £600,000. There was also reason for genuine and justifiable satisfaction in the reports of large savings effected in the construction of guild houses completed at Bentley, Walthamstow, and Wigan. An American builder testified to the fact that the guild workmen were doing a better day's work in the summer of 1921 than most of the men on private builders' contracts.⁴⁶

With this substantial evidence that the guild had taken its place as a going concern came very naturally the realization of practical difficulties of administration. Important among these at the beginning of 1922 was the need for agreement upon a definite sphere of action for the works committees. These committees, formed on a basis of section and craft representation, sprang into existence and took part in actual operations. With no place provided for them in the national constitution, they were at first limited to such functions as the care for canteen arrangements, sick benefits, and sports, but they pressed for more important administrative opportunity and insisted that it belonged to them by right of the guild principle of control at the point of production. They recommended a definition of function which should give over to them the adjustment of grievances and, together with the general foreman, the right to discuss and decide upon the methods of discipline, time keeping, conditions of work, and maintenance of good fellowship. They also sought representation on the guild committee.

Another administrative problem arose in the question of trade union jurisdiction. Trade union rules gave prominence to craft representation, yet it was urged as the duty of a works committee “to stamp out craft prejudice and strive for a ‘One and All’ movement.” Instances

⁴⁶A. M. Bing, “The Building Guilds,” *Survey*, Oct. 29, 1921, p. 170.

were reported "where the guild committee and the works committee were at a deadlock pending the decision of the trade union," and this notwithstanding the fact that the Building Guild is a trade union body throughout its entire structure. Difficulties of this kind are not new in trade union history, but their continuance might easily imperil the success of the building guilds.

The Building Guild extended all possible help and encouragement to the furniture, packing-case, and vehicle guilds which were established in Manchester early in 1921. By the end of the year the London guild was engaged in building a house "planned entirely by guildsmen and carried through by members of the guild." It had secured the site and completed plans for a first-class joinery works at Paddington for the manufacture of all kinds of woodwork and was looking forward hopefully to the opening of its own factories as marking a real revival in craftsmanship. The autumn of 1921 also saw the extension of the building guild movement to Ireland and its endorsement by AE (George Russell) who wrote:

I hasten to express my delight at hearing that unions connected with the building trade in Ireland are uniting to form a Guild of Builders. For many years I have thought the emancipation of labour could be brought about most speedily by workers transforming their unions into coöperative productive societies, or guilds of workers, undertaking as unions the contracts hitherto monopolized by the capitalist exploiter of labour."

Two years of difficult traveling have been weathered by the building guilds and the third begun with unshaken confidence and a determination to triumph over the old obstacles which are undeniably still blocking the way but which are now more clearly seen and understood.

The Outlook

It is difficult to estimate the potential importance of the building guilds of today. They have succeeded in establishing some of their principal contentions in the face of great opposition. When the very existence of the guilds was threatened in January, 1921, by the government's refusal to grant further contracts, they adhered to their principle of continuous pay and proved that it was practicable for the building industry. The guilds have established their contention that they can build more cheaply than private builders. Impartial observers have testified to the fact that guild workmen render a better day's work than others on the same jobs. Financial soundness has been adequate to gain the confidence of the Co-operative Wholesale Society as a seller of materials and as an insurance agency. Loyalty and a high grade of workmanship have been obtained. Finally, the movement has spread widely during the two years of agitation.

"Quoted from the "Voice of Labour" in the *Guild Socialist*, Nov., 1921, p. 8.

The building guilds must now prove their ability to withstand the ups and downs of business affairs. They have made their beginnings under exceptionally favorable circumstances. The building industry itself offered a good opportunity for experiment, for only a small amount of capital is required to begin operations and the enterprises have a semi-public character. It would be difficult for the opposition to bring about a concerted hold-up of building materials. It happened that the whole industrial situation as well favored the building guilds. They began their work when general efficiency was low. Possibly they may not compare so well with private workmen in other times. In the second place, the demand for houses was pressing and there was little fear of unemployment. When the building situation is less acute, the guild workers who are not needed or who are among the less efficient will undoubtedly be loath to give up their work; and yet, if they retain it, costs will rise and the competitive situation of the building guilds will be injured. The question of adequate training for management and administration is yet to be solved.

Mr. Hobson sees the questions of the immediate future as those of credit. In his article in the *Guild Socialist* for December, 1921, he says:

I venture a prediction. Within the next twelve months, the workers will realize that the money and credit required must be extracted from sources other than ordinary wage-savings. Where, then, must we look? In my opinion there are two sources that can be tapped—insurance and rent control. There we can find our millions, and it is an easier adventure than the foundation of the Building Guild. The deliberate movement for control implies a new labour orientation, the first stage being conscious class consolidation in industry and credit.

Meanwhile guild theorists seem to be marking time. In these two years the only significant contribution has been the Douglas credit proposals. Once again the intellectualists have languished in leadership and the advances are left to explorers in the field of actual production and its everyday business relations.

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